

## INVESTMENT OBJECTIVE

The Aurora Fortitude Absolute Return Fund (AFARF), aims to produce positive returns irrespective of the direction of the share market by investing in predominantly Australian listed securities and derivatives.

## FUND PERFORMANCE TO 31 MARCH 2015

	AFARF*	RBA CASH RATE	S&P/ASX200AI*
1 month	0.55%	0.19%	0.15%
3 months	1.27%	0.58%	10.85%
6 months	0.61%	1.21%	14.62%
12 months	0.80%	2.49%	15.86%
2 years (p.a)	4.22%	2.56%	15.52%
3 years (p.a)	4.13%	2.85%	17.48%
5 years (p.a)	4.46%	3.57%	9.51%
Annualised Return Since Inception (Mar 05) - p.a.	7.32%	4.58%	8.85%
Standard Deviation	2.69%	0.44%	13.98%

## HOWZAT

Domestic investors generally had one eye focussed on the Cricket World Cup during the month as Australia rode a roller coaster to the final before having a decisive victory. The Australian equity market also had some bumps along the way before posting a small loss (S&P/ASX 200 Accumulation – 0.06%). There was a continuation of the thematic of high yielding industrial names performing well but resources and energy names being held back by falling commodity prices.

International markets were mixed; Europe (DAX +5.0%, CAC +1.7%) and Asia (Nikkei +2.2%, Hang Seng +0.3%) stronger as there appears to be a continued response to looser monetary policy, whilst US markets traded weaker (Dow -2.0%, S&P500 -1.7%) as commentary by Federal Reserve Chair, Janet Yellen, seemed to indicate that the end of quantitative easing was approaching.

The Aurora Fortitude Absolute Return Fund returned +0.55% for the month.

**Option Overlay** (+0.42% net) was the largest contributor. Interestingly, the divergence in sectors was a major factor. The impact of lower iron ore prices saw a significant fall in Fortescue Metals (FMG.ASX) and this was a major contributor. Conversely, the rallies in Macquarie Group (MQG.ASX) and all the major commercial banks (ANZ.ASX, CBA.ASX, NAB.ASX & WBC.ASX) also saw positive contributions. However, our position in the Index Futures was a drawdown reflecting the net outcome of a flat market.

All other strategies provided small positive contributions.

**Yield** (+0.07%) saw longer dated instruments marked down slightly whilst shorted dated exposures performed well. NAB concluded their Capital Notes offer raising \$1.34bn following ANZ's \$1bn Capital Notes 3. The Fund continues to prefer alternative structures and shorter dated instruments.

Within the **Mergers and Acquisitions** strategy (+0.02%) the Fund was able to build a position in Toll Holdings (TOL.ASX). The Wilmar and First Pacific acquisition of Goodman Fielder (GFF.ASX) was implemented in line with our anticipated timetable. Announced during the month was TPG Telecom's (TPM.ASX) cash offer for iiNet (IIN.ASX) via a scheme of arrangement. This is another ASX200 takeover situation that we will monitor for opportunities to build a position.

**Long/Short** trading (+0.04%) benefited from a rally in Qantas airways (QAN.ASX). We were encouraged by a net positive outcome from new corporate action and catalyst trades across a range of sectors, however unwinding of failed positions continued to detract from performance.

Opportunities in **Convergence** Trading (+0.01%) remain thin with the completion of the rights issue in Tabcorp Holdings (TAH.ASX) being the most significant contribution.

MONTHLY PERFORMANCE* (after fees %)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2015	-0.04	0.75	0.55										1.27%
2014	0.32	0.62	0.24	0.01	0.19	-0.31	0.07	0.30	-0.07	-0.29	0.38	-0.74	0.72%
2013	-0.19	0.80	0.42	1.68	0.78	0.46	1.13	0.18	0.53	0.28	0.52	0.74	7.57%
2012	0.34	0.49	0.45	0.44	0.26	0.57	0.61	0.36	0.33	-0.23	0.54	0.02	4.23%
2011	0.31	0.90	0.16	1.25	-1.46	-0.61	0.51	1.19	0.11	0.43	0.67	0.34	3.83%
2010	0.44	-0.13	-0.73	0.43	0.91	-0.49	-1.60	0.86	0.58	1.61	1.37	1.05	4.33%
2009	0.21	0.01	0.28	0.26	1.20	1.55	0.63	0.67	-0.58	0.82	-0.02	0.82	6.01%
2008	1.34	0.17	0.27	1.21	0.63	0.18	0.45	1.14	2.61	3.13	0.21	0.37	12.38%
2007	1.14	0.52	0.32	1.40	0.21	0.36	0.63	3.06	-0.30	0.71	1.32	-0.23	9.55%
2006	1.71	1.82	1.38	1.82	3.63	0.57	1.55	0.27	1.32	0.61	0.14	0.80	16.75%
2005			1.02	0.96	1.50	1.58	0.92	0.18	0.52	1.34	0.28	-0.50	8.06%

## FUND OVERVIEW

The Fund aims to achieve absolute returns (i.e. positive returns in both rising and falling equity markets) by using a number of different investments that allow the Fund to have very little correlation to the performance of the stock market index. The focus on 'absolute returns' differs from traditional funds in that the Fund aims to produce positive returns regardless of equity market conditions.

We have a wide discretion over the investments that may be held by the Fund. The pursuit of a diverse range of investments means that the Fund's returns are not necessarily dependent on the stock market's direction. In selecting investments for the Fund we follow a rigorous investment selection process which includes detailed qualitative and fundamental research.

We research various criteria and reasons to invest in particular situations. These criteria may pertain to fundamental and quantitative analysis, company event situations such as takeovers and mergers, demergers and restructuring, liquidity events, recapitalisations, multiple share classes, option availability and pricing. Once an investment decision is made, the implementation of the trade is conducted in parallel with an active focus on risk management. The Fund uses derivatives for risk management as well as to create new positions.

## INVESTMENT MANAGER

Aurora Funds Management Limited is a fully owned subsidiary of ASX listed, Keybridge Capital (ASX Code: KBC). Aurora is a boutique investment manager that was established in 2003, and has established a long track record of producing risk adjusted returns for retail, institutional and high net worth investors. The investment strategies are offered through both ASX listed investment vehicles and managed funds. They aim to deliver income whilst also managing the risks associated in investing in Australian and global equities.

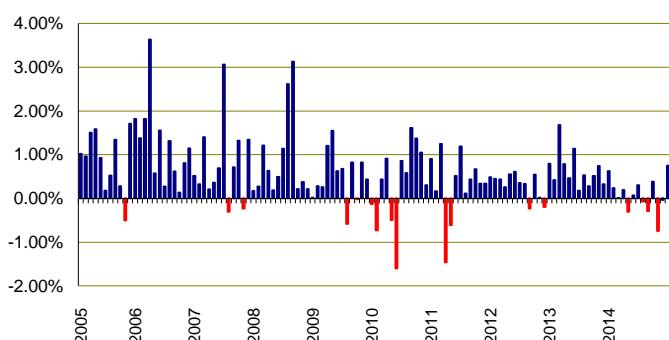
### Aurora is also the issuer of the:

- Aurora Dividend Income Trust (Managed Fund) (ASX code: AOD)
- Aurora Absolute Return Fund (ASX code: ABW)
- Aurora Global Income Trust (ASX code: AIB)
- Aurora Property Buy-Write Income Trust (ASX code: AUP)

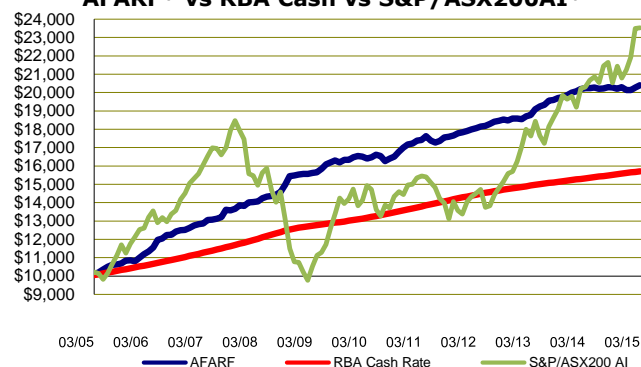
## FUND DISTRIBUTIONS (per Unit)

Period (per Unit)	Amount (\$)	Yield at NAV (p.a)
June 2005 to June 2011	\$0.5944	
31/12/2011	\$0.0194	8.00%
31/03/2012	\$0.0193	8.00%
30/06/2012	\$0.0205	8.55%
30/09/2012	\$0.0190	8.00%
31/12/2012	\$0.0142	6.00%
31/03/2013	\$0.0140	6.00%
30/06/2013	\$0.0298	12.87%
30/09/2013	\$0.0139	6.00%
31/12/2013	\$0.0139	6.00%
31/03/2014	\$0.0139	6.00%
30/06/2014	\$0.0253	10.91%
30/09/2014	\$0.0135	6.00%
31/12/2014	\$0.0298	13.39%
31/03/2015	\$0.0085	4.00%
<b>Total since inception</b>	<b>\$0.2550</b>	

### Monthly Returns Since Inception (%)



### AFARF\* vs RBA Cash vs S&P/ASX200AI\*



	KEY FACTS	AFARF*	RBA Cash
<b>Feeder Fund</b>	Aurora Absolute Return (ABW)	<b>Sharpe Ratio</b>	1.02
<b>APIR Code</b>	AFM0005AU	<b>Sortino Ratio</b>	0.69
<b>Benchmark</b>	RBA Cash Rate	<b>Best month</b>	3.63%
<b>Prime Broker/Custodian</b>	UBS	<b>Worst month</b>	-1.60%
<b>Administrator</b>	Unity Fund Services	<b>Positive months</b>	85%
<b>Auditors</b>	Deloitte Touche Tohmatsu	<b>Net Asset Value per Unit</b>	\$ 0.8562
<b>Fund Size</b>	\$104.8 million	<b>Exit Price per Unit</b>	\$ 0.8560

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Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885, AFSL 222110) in its capacity as responsible entity for the Aurora Fortitude Absolute Return Fund (ARSN 145 894 800). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the PDS dated 29 January 2014 and seek their own financial advice prior to investing in the Fund. The information in this Performance Report is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. The investment objective is expressed after the deduction of fees and before taxation. See the PDS for details on taxation. The objective is not intended to be a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective and returns are not guaranteed. The payment of franking credits to Unit holders is subject to the Fund achieving a taxable profit in that year. For further information please visit [www.aurorafunds.com.au](http://www.aurorafunds.com.au).

\*AFARF vs RBA vs S&P/ASX200AI graph generated with compounded monthly returns, net of fees. Franking included in both AFARF and S&P/ASX 200 AI after May 2012.